

Forms: 1120

Tax Years: All

Person to Contact: [REDACTED]

CERTIFIED MAIL

APR 18 1984

Dear Sir or Madam:

We have considered your application Form 1023, request for recognition of exemption from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

You were incorporated [REDACTED] under the general laws of the State of [REDACTED]. Briefly stated, the specific purpose for which you were formed, according to your articles, was to receive and administer funds for the welfare and benefit of [REDACTED].

Your income is derived from contributions from the general public. Your expenditures will be for the payment of medical expenses incurred for the care and rehabilitation of [REDACTED].

Section 501(c)(3) of the Code provides for the exemption from Federal income tax for organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes; no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations states that in order for an organization to be exempt under Section 501(c)(3) of the Code it must be organized and operated exclusively for one or more purposes specified in such Section.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that an organization is operated exclusively for the purposes set out in Section 501(c)(3) of the Code only if substantially all of its activities are in furtherance of these purposes.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]					
Date	4-17-84	4/18/84					

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states that an organization is not organized or operated for any purpose under Section 501(c)(3) unless it serves a public rather than a private interest.

Thus to meet the requirements of this subparagraph, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests. Moreover, even though an organization may have exempt purposes, it will not be considered as operating exclusively for such purposes if more than an insubstantial part of its activities serve a private interest.

The data you have submitted and as set forth above establishes that you are operated for the sole purpose of paying the medical expenses of [REDACTED]. Thus you are not operated for a public interest as required by Income Tax Regulation 1.501(c)(3)-1(d)(1)(ii). Since [REDACTED] directly or indirectly receives the net income from your activities it is concluded that income from your organization is inuring to the benefit of a private individual which is prohibited by Section 501(c)(3) of the Code. It is therefore concluded you do not qualify as an organization described in Section 501(c)(3) of the Internal Revenue Code.

It has also been determined that you do not qualify for tax exempt status under any other Section of the Internal Revenue Code.

You are required to file Federal income tax returns on the form and for the years shown in the heading of this letter. File these returns with your key District Director for exempt organization matters within 60 days from the date of this letter, unless a request for an extension of time is granted. We will not delay processing of income tax returns and assessment of any taxes due because of your bringing suit for declaratory judgment under Code Section 7428. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

[REDACTED]

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final and a copy of this letter will be sent to the appropriate state officials in accordance with Section 6104(c) of the Internal Revenue Code.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7423(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this Section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

Enclosure: Publication 892

[REDACTED]  
District Director